



Approved:

KHPA Board Meeting June 16, 2009

**MINUTES – (draft)**

**Guests:**

Craig Van Aalst, Policy Analyst, Kansas Insurance Department  
Laura Howard, Deputy Secretary, KS Department of Social and Rehabilitation Services  
Richard “Dick” Morrissey, Director, KS Department of Health and Environment

**Ex-Officio Members Absent:**

Jason Eberhart-Phillips, Director of Health, KS Department of Health and Environment  
Don Jordan, Secretary, KS Department of Social and Rehabilitation Services  
Alexa Posny, Commissioner, KS Department of Education  
Sandra Praeger, Commissioner, KS Insurance Department

**Call to Order and Remarks**

- Board Chair Joe Tilghman called the meeting to order and reviewed the agenda and materials.
- He provided a brief overview of the plans for the next two days, stating that the Board’s discussions will focus around the agency’s new priorities and structure which are a result of the current state budget situation, impact of recent staffing reductions, change in state legislative leadership, and efforts with national health reform.
- He announced that Board Member E.J. “Ned” Holland had resigned from the Board effective June 10, 2009, and that staff will be working with legislative leadership on a new appointment for the Board.

**KHPA in Transition: Changing Circumstances and New Priorities**

Dr. Andy Allison began by providing the Board with a broad picture of where the agency began in 2006 – this included a review of the specific legislative language that created the Authority, an overview of the initial focus of the agency, and a summary of the agency’s challenges and accomplishments. He followed with an outline of the current budget picture and with a preview of the agency’s new operating environment. He added that the Board will have an opportunity to review and possibly adopt a new set of priorities for the agency which are described in the KHPA Strategic Plan (distributed to the Board).

- Members of the Board reviewed the statutory language (KSA 75-7404 and 75-7405) which mandated the Authority to: a) develop and maintain a coordinated health policy agenda; b) combine effective purchasing and administration of health care with health promotion oriented public health strategies;

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and c) develop or adopt health indicators and include baseline and trend data on the health costs and indicators. Actions taken by the agency over the past three years to meet the legislative mandate included:

- Extensive community outreach and stakeholders engagement
  - Development and promotion of a comprehensive health policy agenda
  - Development of prevention-oriented public health agenda (medical home, smoking, obesity)
  - Medicaid Transformation – data driven recommendations and savings, program improvements
  - Enhancement of State Employee Health Plan (such as prevention-oriented benefits, choice)
  - Coordinated purchasing through data management and joint policy initiatives (community health records, medical home modeling, and prevention-oriented benefits)
  - Development of data consortium, resulting in development of health indicators and data policy
  - Management of statewide health data and private insurance database
- The Board received a brief overview of the agency's budget for FY 2009 and FY 2010. The agency's FY 2009 operational funding was \$23 million State General Fund (SGF), with the Medicaid caseload costs approximately 20 times larger than operational costs. The FY 2010 budget reduction of approximately 15.5% impacted the agency's claims processing contract, the Medicaid/HealthWave eligibility clearinghouse operations, and agency administration, for a total reduction of \$3.5 million for FY 2010.
  - Board members received a preview of the new environment and challenges for KHPA for the upcoming year: 1) **new economy** for both the state and the federal level with the large budget deficits, large reduction in agency resources, and increasing need by Kansans to receive health care. 2) **new political leadership** in Kansas with some legislative founders of the agency no longer in leadership roles. This has helped limit success in advancing a comprehensive health reform agenda, and there may now be some legislative interest in revisiting KHPA's mandate, expectations, etc. 3) **new federal focus on health reform** and universal coverage. Federal reform options could significantly expand or alter the role of Kansas Medicaid and subsume much of KHPA's agenda.

Board members were asked for their input regarding whether or not the agency is on target in meeting its obligations to the mandate, whether the mandate is still applicable in light of the budget reductions and new environment for the agency, and what would be the Board's priorities for the agency moving forward.

- Susan Page commented that her interpretation of the past session was that legislators were not so much focused on health policy (long-term savings) but rather hoped for immediate cost savings for the state.
- Rob Kaplan remarked that, while the Board is a bi-partisan group that should be separate from the politics, we should look more frequently for opportunities to engage the Governor's Office in the policies and proposals being discussed by the Board.
- Dr. Davis questioned if the Joint Health Policy Committee should be used as the agency's mediator but also noted that the leaders of that Committee would change every two years, resulting in changing direction and priorities.
- Board Chair Tilghman added that he had recently testified to the members of the Joint Oversight Committee for Health Policy that the Board will continue to follow the legislative mandate in regards to developing and advancing a health policy agenda for the state; he added that, while there are a number of legislators who have complimented the work of KHPA especially in the area of data collection and management, there are those who feel that dialogue could be improved between KHPA and the elected leadership and the Governor's office.
- Secretary Bremby added that, with federal health reform efforts now underway, there will be limited opportunities/successes advancing a state health reform agenda.

- Dr. Mills remarked that health care disparity and health profession workforce issues are two on-going concerns.
- Arneatha Martin stated that, even with the budget reductions and current environment, the legislative mandate should still be followed but thought that for the most part the Authority had accomplished a lot of what had been mandated.

## **2009 Legislative Session**

Board members reviewed the 2009 Legislative Session At-A-Glance for a summary of the agency's legislative activity. While the state economic situation dominated the session, the agency had been successful in obtaining \$1.2 million in funding for the expansion of the State Children's Health Insurance Program (SCHIP) in order to cover children in family up to 250% of the Federal Poverty Level beginning in January 2010.

The Cabinet Secretaries from Aging, KDHE, and SRS reported on steps being taken by their agencies in response to budget reductions for FY 2010 as passed by the 2009 Legislature.

- Secretary Kathy Greenlee, Department on Aging, advised that Aging will maintain its shrinkage rate, that a reduction of approximately \$1 million for nutrition services had been made to be effective April 2009 but that federal stimulus dollars had become available to cover this reduction for a one-year period, and that a rate freeze has been implemented for nursing homes for 2009 and 2010.
- Deputy Secretary Laura Howard, Department of Social and Rehabilitation Services (SRS), reported that SRS has had a hiring freeze implemented since April 2008, with approximately 380 positions currently vacant (includes vacancies in the SRS Central Office, the Regional Offices, and the State Hospitals). SRS has not had to implement staff lay-offs at this time, due to the current vacancy level along with the agency's extended hiring freeze. Staff have been streamlining processes and looking for efficiencies while preserving services for those most vulnerable.
- Secretary Rod Bremby, KS Department of Health and Environment (KDHE), reported that KDHE has eliminated 79 vacant positions and are holding 24 current positions vacant. There was brief discussion around the availability of the H1N1 flu and other vaccines for the upcoming fall, and the Secretary assured the attendees that vaccines would be available when needed.

## **State Budget Overview, FY 2009 to FY 2012**

Secretary Duane Goossen, Department of Administration, provided a broad overview of the fiscal picture of Kansas. He described the early months of 2008 as the beginning of the recession for some states - although at that time Kansas had not yet entered into the recession - and most states were experiencing a good economy and little or no bank/real estate foreclosure issues. However by September and October 2008, almost all states had been pulled into the recession, with plummeting revenues by a number of key Kansas industries (oil and gas refineries, the aviation industry, and the agriculture business). The budget was hampered further by a low income tax collection for the state along with an increase in unemployment. While the state saw relief in the way of federal stimulus dollars and tax revenue reforms by March 2009, the April 2009 revenue estimates were even lower than expected. Secretary Goossen reported that, without substantial economic recovery, budget deficits will continue during FY 2010 and 2011, as Medicaid caseloads will continue to increase and Kansas will experience a loss in ARRA dollars at the end of FY 2011. He added that revenue estimates were still below expectations in Spring 2009, and the Governor will be announcing in early July the steps being planned for state agencies to address the budget deficit for FY 2010.

## **KHPA in Transition: New Priorities and Agency Restructuring**

Dr. Allison reviewed the proposed new priorities for the agency which included:

- Refocus Resources
  - Core program operations
  - Scale back communications, outreach and policy capacity
- Transformation into an Accountable Agency
  - Apply KHPA Strategic Plan at every level
  - Organize agency to focus on data-driven policy and efficiency
  - Management training and leadership development
- Solicit Feedback/Build Relationships with Legislators, Stakeholders
  - Expectations for KHPA
  - Share political ownership of key programs, like Medicaid
- Position Kansas for National Health Reform
- Secure ARRA Funding for Health Information Exchange/Technology
  - Secretary Rod Bremby designated by Governor to take lead for state response
  - Coordinate by Health and Human Services (HHS) Sub-Cabinet

Dr. Allison added that an all-staff meeting is scheduled for end of June to update staff on general plans for agency reorganization.

Board members were asked for their feedback regarding the proposed new priorities as well as the agency restructuring plans.

- Chair Tilghman stated he'd like the Board to support efforts in continuing with health policy development and coordination, tracking of federal health legislation, and active involvement with HIT/HIE initiatives. He added that Senator Barnett was clear during the recent Joint Oversight Committee hearing that KHPA should be actively participating in the HIT/HIE efforts.
- Rob Kaplan and Secretary Bremby both remarked more emphasis should be made on health promotion and prevention reform. They stated that KHPA should be the voice for health promotion, prevention, and wellness and to consider the impact to Medicaid costs if these health policy initiatives were advanced.
- Susan Page commented that resources are needed to pursue health policy into the coming years and questioned if KHPA had the capacity to do this.
- Secretary Bremby responded that an integrated approach to policy is needed, partnering with KHPA, KDHE, Aging, KS Insurance Dept (KID), SRS, health departments.
- Secretary Greenlee suggested KID staff coordinate the tracking of federal health legislation on behalf of KHPA and report back to the Board each meeting as a standing agenda update.
- Susan Page and Arneatha Martin both commented on the usefulness of the Advisory Councils and recommended that the agency should continue to engage the Councils during the upcoming months. Chair Tilghman requested that a communication be sent to the Councils, advising them that meetings will be scheduled again this fall and that teleconferencing will be utilized to minimize meeting expenses. Secretary Bremby offered the use of KDHE teleconferencing equipment for the next Council meetings.
- Chair Tilghman stated that transparency is critical and complimented staff on the management and maintenance of the agency website.
- Chair Tilghman suggested that two health reform priorities might be a) statewide smoking ban and b) access and availability of providers.
- Regarding the plans for agency restructuring, the consensus of the Board was that they appreciated receiving high-level updates on the agency staffing structure but that the details and decisions for agency reorganization should be left to agency leadership.

Dr. Allison closed this day's session by thanking the Board for their participation and valuable feedback and advised that further updates on these topics will be provided to the Board at a later time.

**Joe Tilghman, Board Chair**

There were no Public Comments received. The Board Strategic Planning Meeting was adjourned.

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